

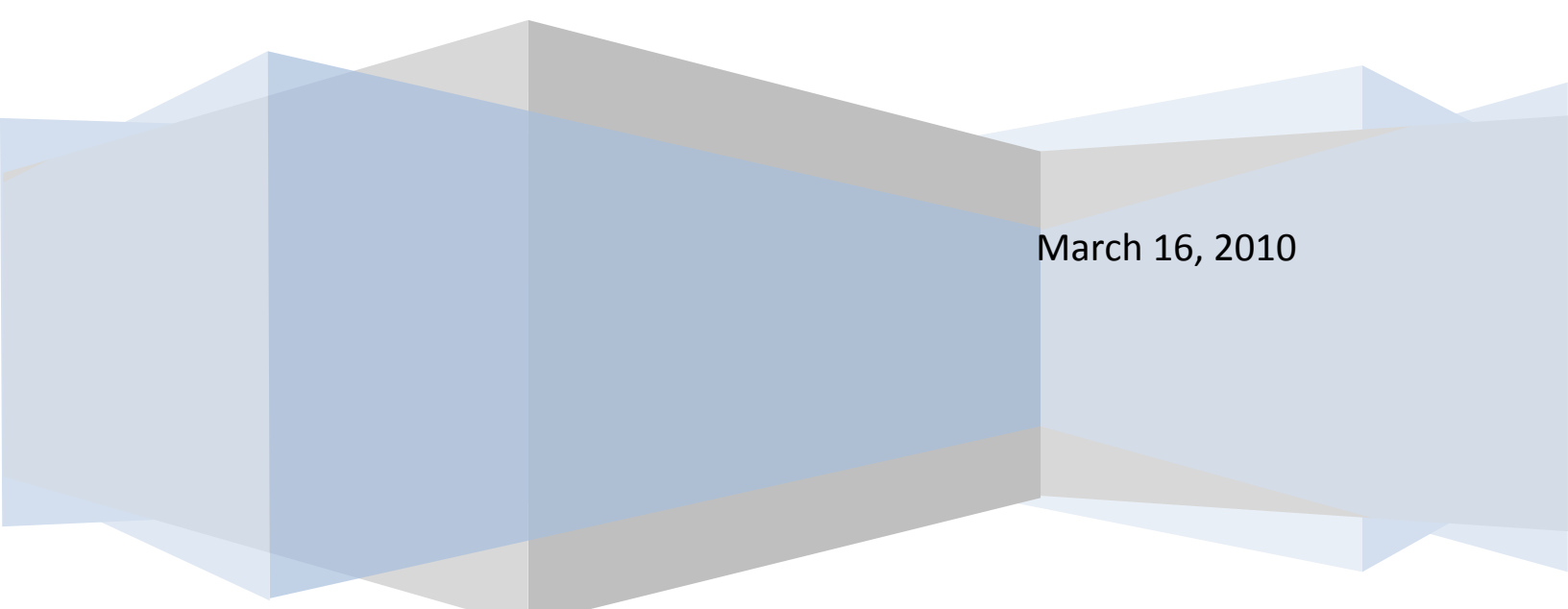
Loudoun County Department of Planning

Route 28 Keynote Employment Policies Comprehensive Plan Amendment
CPAM 2009-0001

Housing in the Route 28 Corridor

Discussion Paper 5 of 6

March 16, 2010



Introduction

On February 3, 2009, the Board of Supervisors initiated a Comprehensive Plan Amendment, CPAM 2009-0001 Route 28 Keynote Employment Policies, to consider retaining or changing Revised General Plan Keynote Employment land use policies for a specified area within the Route 28 Corridor. On December 15, 2009, the Board of Supervisors approved a workplan for the CPAM that builds upon the significant amount of data and public input gathered through the various Route 28 Corridor activities and initiatives since January 2008. These include the Belfort Park Task Force efforts, the Route 28 Existing Conditions Report, the Route 28 Business Outreach Project, and the Route 28 Market Study. All documents related to the CPAM, including numerous maps of the Route 28 Corridor, are available at www.loudoun.gov/route28.

Phase I of the workplan calls for active participation of Route 28 Stakeholders as work products are developed. To this end, a series of Discussion Papers have been developed on identified topic areas:

- [Economic Development in the Route 28 Corridor](#)
- [Potential Fiscal Impacts to Loudoun County](#)
- [Potential Fiscal Impacts to the Route 28 Tax District](#)
- [Potential Impacts to the Route 28 Corridor Transportation Network](#)
- [Housing in the Route 28 Corridor](#)
- [Energy Efficiency and Green Building in the Route 28 Corridor](#)

Purpose of Discussion Papers

The discussion papers are not intended to be an exhaustive discussion of the topic nor present final conclusions. They are intended to help establish the framework for stakeholder discussions at the upcoming facilitated workshops. Each paper provides a general background on the topic area, describes three general land use concepts that explore development patterns that may be desirable in the corridor, and discusses the advantages and disadvantages associated with each concept. A listing of likely pros and cons for each concept is also included. Although the paper can be viewed as a stand-alone document, a reading of all the discussion papers will provide a more thorough understanding of policy options and stakeholder concerns regarding the Route 28 Corridor. Additional background data and policy or implementation options may be developed and/or refined based on Stakeholder input as the Comprehensive Plan Amendment proceeds.

Background Discussion

Loudoun County is one of the fastest growing counties in the United States. Between 2000 and 2009, Loudoun's population grew by approximately 113,716 persons (representing a 67% increase) (*Loudoun County Department of Management and Financial Services, October 2009*), making it the fifth fastest growing County in the nation and number three among counties with populations over 100,000 (*U.S. Census Bureau, 2008 Time Series Estimates*). The County's forecasted 2010 population is 289,362, which

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is anticipated to grow to approximately 440,000 persons by 2040 (*Loudoun County, 2009 Fiscal Impact Committee Guidelines*).

During the last decade, the share of the County's housing units that are single-family detached (SFD) decreased, while single-family attached (SFA) and multifamily (MF) units increased¹. This trend is expected to continue in the future, particularly as rail arrives in the County around 2016. Within the Route 28 Tax District, approximately 340 single-family detached (SFD) homes, 2,175 townhouses, and 3,364 apartment complexes and multifamily condominiums had been built as of November 2009. In 2009, it was estimated that 11,277 persons, approximately 4% of the County's total population, lived within the Tax District.

In 2007, the Loudoun County Board of Supervisors adopted revised housing policies that are aimed at promoting housing options for all people who live and/or work in Loudoun. The policies, based in part on a 2006 study by AECOM CONSULT (see Box 1 for a summary of findings), call for County programs to focus on unmet housing needs of households earning up to 100% of the Washington Metropolitan Area Median Income (AMI) (in 2009, \$102,700), that being the area of greatest need. While the 2006 AECOM study was commissioned at the height of the housing market, the findings are still relevant to today's and future markets in Loudoun County.

Loudoun County is currently addressing the issue of unmet housing needs through a variety of policy, regulatory, and programmatic measures. Existing County programs addressing the full spectrum of need include rental assistance programs (Housing Choice Voucher Program and the Affordable Dwelling Unit (ADU) Program), home ownership programs (ADU Program, Down Payment/Closing Cost Assistance, Public Employee Home-ownership Grants (PEG), Sponsoring Partnerships and Revitalizing Communities (SPARC) Foreclosure Purchase in NSP Neighborhoods), and home improvement programs (Loudoun County Home Improvement Program, the Eastern Loudoun Revitalization Program). To address foreclosures, the County has also received federal assistance through the Neighborhood Stabilization

BOX 1. Overview of the AECOM Study

AECOM CONSULT's Basic Housing and Employment Data and Projections report (August 1, 2006) found that there was a shortage of rental and owner-occupied units available for Loudoun's workers, resulting in a disproportionate number of workers commuting into Loudoun for employment. The four industries most affected include retail, local government (including teachers and police officers), warehouse and transportation (including airport jobs), and construction. Specific findings that could pertain to housing within the Route 28 corridor include the following:

- There is a shortage of available rental units for incomes ranging from 10 to 60% of AMI. Overtime, the rental housing shortage is expected to get worse for incomes from 10 to 50% with the most;
- For owner-occupied units, the shortage occurs from 10 to 120%. Shortages worsen over time for income ranges from 50 to 100% of AMI with the most pronounced shortages for incomes at 80% of the median.

¹ Between 2000 and 2009, the percentage of the County's housing units that were SFD decreased from approximately 58 to 54% while SFA grew from 28 to 30% and MF grew from 14 to 16%.



Program.

This issue paper discusses housing within the Route 28 corridor in general terms and includes information regarding current demographic trends important to housing, particularly as they relate to mixed-use settings, as well as potential opportunities for the County to meet unmet housing needs in the Route 28 corridor. When considering additional residential development within the corridor, potential impacts to the County's facilities and services as well as the Route 28 Tax District need to be weighed and balanced. These are explored in greater detail in other discussion papers.

Public Input (*Route 28 Business Outreach Project, Belfort Park Task Force and Route 28 Market Study*²)

During the Route 28 Business Outreach Project interviews, stakeholders validated the corridor's importance to the County as an employment corridor, given its strategic advantages and the long-term potential to capture Class A office. As such, the corridor should reflect a predominantly employment-based corridor. However, stakeholders also believe that the County should consider identifying mixed-use locations where residential uses are possible. Residential in mixed-use developments may contribute to or support employment and business development by providing greater opportunities to incorporate workforce housing and a variety of residential types (with a variety of housing price points) in a vibrant setting; quality-of-life factors that employers look for in site selection and the decisions that employees make on whether or not they want to move to a new area.

The Route 28 Corridor Analysis of Development Potential by Fulton Research, Inc. (August 27, 2009) ('market analysis') found that today's Class A office tenants prefer mixed-use settings to create whole communities with a complete set of uses and amenities that will appeal to office tenants and residents alike. The market analysis suggests that these mixed-use nodes be located in the northern and southern portions of the corridor.

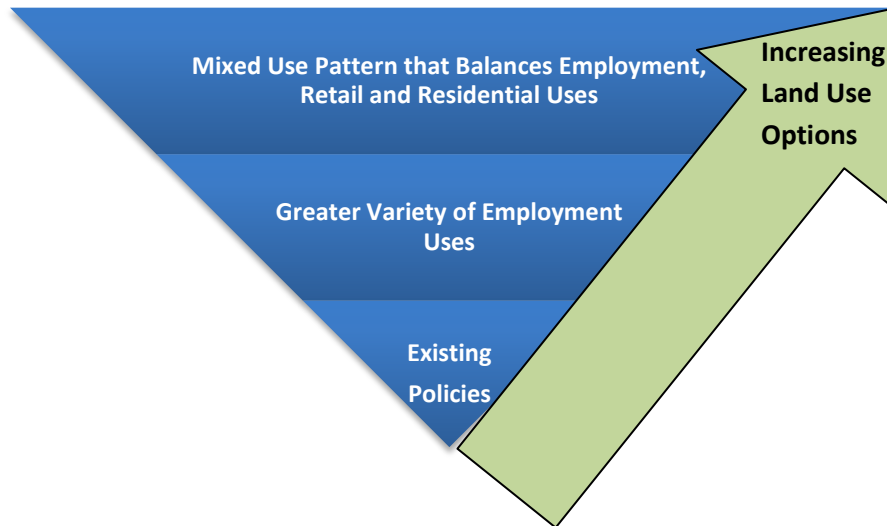
Analysis of Possible Land Use Concepts

In this paper, three potential land use concepts are discussed in the context of the County's overall housing goals. The three concepts provide a continuum of increasing land development options, as

² During March and April, 2009, County staff conducted one-on-one interviews with Route 28 Corridor stakeholders to obtain their perceptions of the corridor, its current state of development, challenges for the future, and ways the County could improve the corridor's development potential. Additionally, stakeholder comments made during a Board of Supervisors-sponsored Breakfast Forum, also held in April 2009, supplemented comments received during the interviews. County staff documented the results of these efforts in the *Route 28 Business Outreach Project Results Report*, June 2, 2009. Following the Outreach effort, the County contracted with a private consultant to perform a Route 28 market analysis to assess the corridor's potential for Class A office space under current conditions and recommend a vision for maximizing the economic development potential of the overall corridor. The consultant presented the results of the market analysis in the *Route 28 Corridor Analysis of Development Potential for Class A Office Space*, August 27, 2009. Both of these reports are available at www.loudoun.gov/route28.



illustrated in the figure below. These concepts are not mutually exclusive and are intended to build upon each other. Because Concept 1 (*Existing Policies Retained in the Route 28 Corridor*) and Concept 2 (*Route 28 Includes a Greater Variety of Employment Uses*) do not propose any additional residential development for the corridor in excess of what is currently envisioned by Plan policy, these concepts have been combined for the purposes of this discussion.



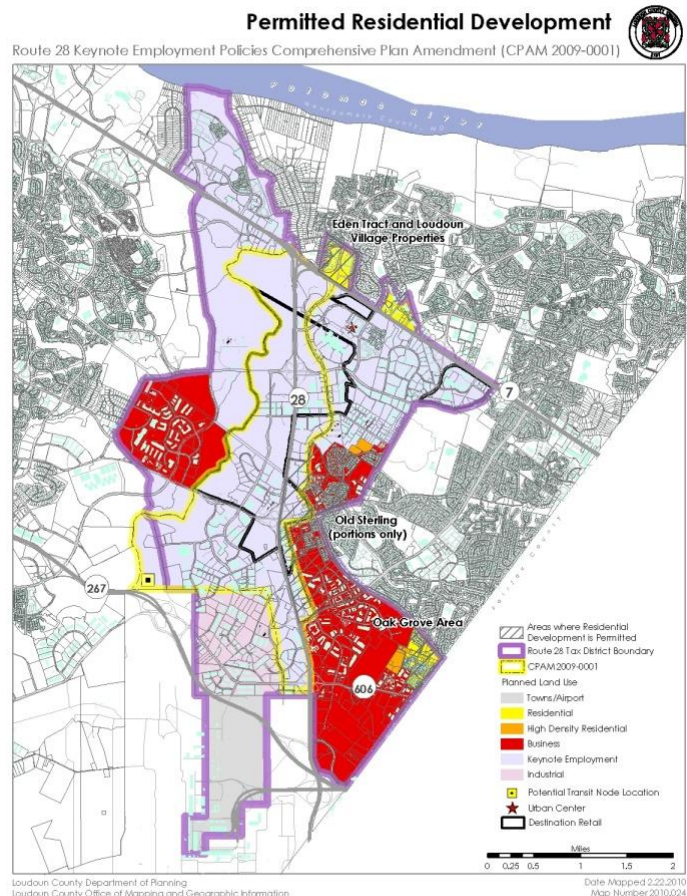
Concepts 1 and 2: Existing Policies Retained in the Corridor and Route 28 Includes a Greater Variety of Employment Uses (No Residential)

Under these two concepts, no additional residential development would be permitted by policy in the corridor except where it is currently allowed. The Revised General Plan limits the amount of residential development that can occur within the Route 28 corridor for several reasons, from protecting the commercial and industrial tax base of the Route 28 Tax District to encouraging the development of regionally- and nationally-oriented office centers along the corridor. The Keynote Employment planned land use designation along the corridor does not allow a residential component. Furthermore, residential development within the Route 28 Tax District is limited to portions of the Old Sterling planning area, the Oak Grove area, and the Eden Tract and Loudoun Village properties as well as areas designated as high density residential on the Planned Land Use Map (see figure) (Revised General Plan, Chapter 6, Residential Policy 3). High density residential uses are also envisioned to be a critical component within the designated Urban Center³ at the southeast quadrant of the Route 28/Route 7

³ The Revised General Plan identifies the location of a 50 to 90-acre Urban Center that is intensive, pedestrian-oriented, and compact in form. It is envisioned to evolve from the current shopping/mixed-use center that exists at Dulles Town Center today through phasing in response to changes in the surrounding communities, the development

intersection.

Most of the properties within the Old Sterling planning area, the Oak Grove area, and the Eden Tract and Loudoun Village properties have been previously developed, limiting the amount of new residential construction that would occur absent redevelopment or a policy change. Under Concepts 1 and 2, the majority of new residential development within the corridor would likely occur within the designated Urban Center (where an active rezoning application for Dulles Town Center is currently being considered⁴) as well as a number of residential developments that have been approved but not yet built. These include the Hall Road Property (ZMAP 2005-0022), approved on December 5, 2006 for 42 townhouse units at 10 du/acre; Victoria Station (ZMAP 2005-0039), approved on June 19, 2007 for 116 multi-family units at 7.3 du/acre; Townes of Autumn Oaks (ZMAP 2005-0038), approved on December 18, 2007 for 179 single-family attached homes at 7.5 du/acre; and the Gatherings at Cascades Overlook (ZMAP 2005-0043), approved on July 17, 2007 for 440 active adult age restricted multi-family units. Altogether, these active and approved land development programs could, if built, add an additional 221 townhouses and 1,786 multi-family units within the Tax District.



of services such as mass transit, and changes in business and housing trends. Residential densities from 8 to 16 dwelling units (du's) per acre on 10 to 25% of the Urban Center's total land area are permitted contingent upon the availability of utilities, pedestrian and bicycle travelways and public facilities, conformance to the community design and growth management policies of the plan, and the preservation of a substantial amount of open space. Up to 24 du's per acre are allowed when bus transit related services and facilities are provided, such as a transit stop and access to it through a dedicated transit corridor (*Revised General Plan, Chapter 6, Urban Center Policies*).

⁴ ZMAP 2007-0001 and ZCPA 2007-0001, Dulles Town Center, proposes 1,230 multi-family residential units and 5,775,000 square feet of non-residential (4.75 million office, 675,000 retail, and 700,000 hotel). Please note: 350,000 square feet of hotel uses are reflected in the individual use calculations but not in the total; 350,000 square feet of office can be transferred to an office use in the OP Land Bays.

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Pros

- No change required
- Will not require any additional resources
- Limits additional residential development in the Route 28 Tax District, preserving its tax base

Cons

- May limit the County's ability to provide for the entire spectrum of unmet housing needs
- Does not guarantee the development of housing that is affordable to the County's workforce

Concept 3: Route 28 Corridor Policies Emphasizes a Mixed Use Pattern That Balances Employment, Retail and Residential Uses

Under this concept, the land use policies for the Route 28 corridor would be expanded so that a greater variety of office and mixed-use projects that balance employment, retail and residential uses could be developed along the corridor. Residential uses could be considered throughout the entire length of the corridor under specific criteria or in certain nodes where centers of activity are desired.

Many in the housing industry believe that demographic shifts and changing values will increase the demand for pedestrian-friendly, mixed-use communities in both urban and suburban settings. According to a recent Urban Land Institute study⁵, *"the coming decades will be the time of the great re-urbanization as 24/7 central cities grow and suburbs around the country are redeveloped with new or revived walkable suburban town centers."* This transition will be fueled by the growth of two-person households and public policies designed to stimulate compact development, among other factors. The study also found that even with the current recession, suburban town centers are demonstrating great market resilience. For example, in the Washington, DC metro region, housing prices in mixed-use settings like Bethesda, MD and the Ballston to Roslyn corridor in Arlington have remained stronger through the current recession than prices in the outer suburbs such as Loudoun and Prince William counties. The 2009 market study for the Route 28 corridor confirmed these demographic shifts and suggested that mixed-use developments in the Route 28 corridor that include a residential component could help fulfill this housing need. The study also noted that Class A office space users prefer a mixed-use setting, indicating that both commercial and residential consumers are seeking similar built environments⁶.

The Revised General Plan currently envisions that this type of higher-density, more urban-style housing will be developed in certain areas of the County, generally within town centers, high-density residential areas, the designated Urban Center, and the Transit-Oriented Development (TOD) around the future Route 772 metrorail station. The following projects, including both active and approved applications,

⁵ John McIlwain, Housing in America: The Next Decade, January 26, 2010, Available at: http://www.uli.org/sitecore/content/ULI2Home/News/MediaCenter/PressReleases/2010%20archives/Content/~/_media/Documents/ResearchAndPublications/Fellows/McIlwain/HousinginAmerica.ashx

⁶ Fulton Research, Inc. *Route 28 Corridor Analysis of Development Potential for Class A Office Space*. August 27, 2009. Page 28.



will likely provide this, or a similar, type of housing.

Table 1. Approved and Active Applications with Likely Higher-Density, Urban-Style Housing Near the Route 28 Corridor

| <i>Project</i> | <i>Status</i> | <i>SFD</i> | <i>SFA</i> | <i>MF</i> | <i>Total</i> |
|-----------------------|---------------|------------|--------------|---------------|---------------|
| Moorefield Station | Approved | 50 | 1,300 | 4,650 | 6,000 |
| Loudoun Station | Approved | 0 | 0 | 1,514 | 1,514 |
| Dulles Parkway Center | Approved | 0 | 0 | 624 | 624 |
| One Loudoun | Approved | 265 | 329 | 446 | 1,040 |
| <i>Subtotal</i> | | <i>315</i> | <i>1,629</i> | <i>7,234</i> | <i>9,178</i> |
| | | | | | |
| Kincora | Active | 0 | 0 | 1,400 | 1,400 |
| Dulles Town Center | Active | 0 | 0 | 1,230 | 1,230 |
| Dulles World Center | Active | 0 | 0 | 1,495 | 1,495 |
| <i>Subtotal</i> | | <i>0</i> | <i>0</i> | <i>4,125</i> | <i>4,125</i> |
| TOTAL | | 315 | 1,629 | 11,359 | 13,303 |

SOURCE: Loudoun County, 2008 Annual Growth Summary,

County forecasts, based on current Comprehensive Plan policies, indicate that new single-family detached units will be primarily limited to rural areas by 2025, single-family attached units will be very limited supply countywide by 2025, and multi-family will be limited primarily to transit oriented development areas by 2030. Allowing additional high-density residential development in the Route 28 corridor could help the County meet the growing demand for more urban-style housing and provide more opportunities to address unmet housing needs. Comprehensive plan policies also state that housing that is developed to fulfill unmet housing should generally be located near existing or planned employment opportunities, schools, communities, transit routes, and other amenities⁷.

While the recent downturn in the housing market has lowered the costs of housing both nationwide and locally⁸, reaching levels of affordability not seen for years, this trend is likely to stabilize and reverse over the coming years. Even though prices may have gone down, the average price of \$511,874 for a single family detached home would only be affordable to a household earning \$170,625 (160% AMI) and does not address the County's identified need for affordable housing for households earning 100% AMI or less. (Likewise, the average price of a single-family attached home at \$325,114 would only be affordable to a household earning \$108,371 or 106% AMI. A multi-family unit at \$241,916 begins to start to meet the unmet housing need at about 80% AMI⁹.) In the past, the lack of affordably priced housing in the County negatively affected the County's ability to attract a diversified employment base. Without a variety of housing options, employers found it difficult to attract employees in order to expand and

⁷ Revised General Plan, Housing Policies, Guiding Principles Policy 4

⁸ In Loudoun County, the average sales price for a single-family detached unit in February 2010 dropped to \$511,874, a 10% decrease from the year before. Single-family attached and multi-family units saw similar price decreases, with average sales prices of \$325,114 for single-family attached units (a -4% annual change) and \$241,916 for multi-family units (a -6% change) (*Loudoun County Department of Economic Development, Economic Indicators, February 2010*).

⁹ For-sale affordability is determined to be 3 times income per the Revised General Plan, *Countywide Housing Policies, Unmet Housing Needs text*.



prospective employers were discouraged from locating or creating new businesses in the area. An inadequate supply of affordable housing can also limit economic growth in the area for the simple reason that when people spend too much for housing, they spend less on other goods and services.

If residential development is considered within the corridor, then a variety of housing types at different price points should be provided to ensure that the County's residents and workforce will have a sufficient range of housing options. Multifamily housing is usually, although not always, a more affordable housing option than single-family housing for providing housing opportunities to a wide range of incomes. For example, within the County, the average sales price of multi-family units in November 2009 was \$241,916, in comparison to \$325,114 for single-family attached and \$511,874 for single-family detached¹⁰). However, certain mixed-use developments can drive up the price of all types of housing as people are willing to pay premiums to locate near high quality settings, public transit, amenities, etc.

The positive and negative aspects of residential development need to be considered and balanced if this concept is developed further. Other discussion papers have found that mixed-use settings can maximize the economic development potential of sites if the individual uses are compatible and complementary, but caution that there will be a limit to the number of certain types of mixed-use developments (such as town centers or lifestyle centers) that can be achieved in the corridor given market constraints. Further, the costs associated with residential development (in terms of services required) could potentially reduce the overall fiscal benefit to the County from increased commercial development.

Pros

- Could allow the County to better meet demographic shifts and changing values pertaining to housing
- Could lead to greater opportunities to address unmet housing needs
- Allowing additional high-density residential development in the corridor, along a major transportation route and near employment opportunities, could alleviate pressure for other parts of the County to develop in the long term

Cons

- Introducing land development patterns along Route 28 that are similar to areas in the County where high-intensity office and/or mixed-use developments are already envisioned could cause these areas to not reach their planned potential (One Loudoun, Moorefield Station, Loudoun Station, designated Urban Center, etc.)
- Costs associated with residential development (including public facility and service costs) could potentially reduce the overall fiscal benefit to the County from increased commercial development
- Housing/rent premiums in certain mixed-use settings may reduce the County's ability to address the full spectrum of unmet housing needs

¹⁰ Loudoun County, Virginia – *Annual Demographic and Economic Trends*. February 2010. Available at: <http://biz.loudoun.gov/Home/FactsStatsandMaps/Publications/EconomicIndicators/tabid/192/Default.aspx>

